



PCCS Group Berhad

Company No. 280929-K
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED INCOME STATEMENTS (UNAUDITED) FOR THE FIRST QUARTER ENDED 30 JUNE 2017

	CURRENT QUARTER 3 MONTHS ENDED		CUMULATIVE QUARTER 3 MONTHS ENDED	
	30.06.2017 RM'000	30.06.2016 RM'000	30.06.2017 RM'000	30.06.2016 RM'000
Revenue	151,657	125,406	151,657	125,406
Cost of sales	(128,554)	(112,236)	(128,554)	(112,236)
Gross Profit	23,103	13,170	23,103	13,170
Other Income	1,633	539	1,633	539
Interest Income	36	24	36	24
Administrative expenses	(16,008)	(13,117)	(16,008)	(13,117)
Selling and marketing expenses	(1,677)	(2,755)	(1,677)	(2,755)
Finance costs	(1,470)	(1,410)	(1,470)	(1,410)
Profit/(Loss) before tax	5,617	(3,549)	5,617	(3,549)
Income tax expense	(1,875)	(429)	(1,875)	(429)
Profit/(Loss) for the period	3,742	(3,978)	3,742	(3,978)
Attributable to:				
Equity holders of the parent	3,718	(3,104)	3,718	(3,104)
Non-controlling interest	24	(874)	24	(874)
	3,742	(3,978)	3,742	(3,978)
Earnings per share attributable to equity holders of the parent (sen):				
Basic	6.24	(6.63)	6.24	(6.63)
Diluted	Not applicable		Not applicable	

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 March 2017 and the accompanying explanatory notes attached to the interim financial statements.



PCCS Group Berhad

Company No. 280929-K
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CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED) FOR THE FIRST QUARTER ENDED 30 JUNE 2017

	CURRENT QUARTER 3 MONTHS ENDED		CUMULATIVE QUARTER 3 MONTHS ENDED	
	30.06.2017 RM'000	30.06.2016 RM'000	30.06.2017 RM'000	30.06.2016 RM'000
Profit/(loss) for the period	3,742	(3,978)	3,742	(3,978)
Other comprehensive profit/(loss) net of tax				
Foreign currency translation	562	(151)	562	(151)
Total comprehensive profit/(loss) for the period	4,304	(4,129)	4,304	(4,129)
Total comprehensive profit/(loss) attributable to:				
Owners of the Parent	4,334	(3,263)	4,334	(3,263)
Non-controlling interest	(30)	(866)	(30)	(866)
	4,304	(4,129)	4,304	(4,129)

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 March 2017 and the accompanying explanatory notes attached to the interim financial statements.



PCCS Group Berhad

Company No. 280929-K
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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2017 (UNAUDITED)

	30.06.2017 RM'000 (Unaudited)	31.03.2017 RM'000 (Audited)
ASSETS		
Non-current assets		
Property, plant and equipment	66,470	68,756
Investment Properties	10,685	10,981
Prepaid lease payments	2,929	3,141
Investment in associate	-	21
	<u>80,084</u>	<u>82,899</u>
Current assets		
Inventories	53,723	61,619
Trade receivables	115,188	118,161
Other receivables	4,910	3,283
Other current assets	6,813	6,773
Cash and bank balances	<u>41,398</u>	<u>36,127</u>
	<u>222,032</u>	<u>225,963</u>
TOTAL ASSETS	<u>302,116</u>	<u>308,862</u>
EQUITY AND LIABILITIES		
Equity attributable to equity owners of the parent		
Share capital	60,012	60,012
Share premium	4	4
Other reserves	7,372	6,756
Retained earnings	<u>23,459</u>	<u>19,741</u>
	90,847	86,513
Non-controlling interest	<u>1,969</u>	<u>1,999</u>
Total Equity	<u>92,816</u>	<u>88,512</u>
Non-Current liabilities		
Borrowings	2,925	3,250
Deferred tax liabilities	<u>557</u>	<u>549</u>
	<u>3,482</u>	<u>3,799</u>
Current liabilities		
Borrowings	84,711	97,167
Trade payables	67,538	67,922
Other payables	38,903	40,325
Tax payables	<u>14,666</u>	<u>11,137</u>
	205,818	216,551
Total liabilities	<u>209,300</u>	<u>220,350</u>
TOTAL EQUITY AND LIABILITIES	<u>302,116</u>	<u>308,862</u>
Net assets per share attributable to ordinary equity holders of the parent (RM)	1.5138	1.4416

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 March 2017 and the accompanying explanatory notes attached to the interim financial statements.



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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED) FOR THE FIRST QUARTER ENDED 30 JUNE 2017

	-----> Attributable to Equity Holders of the parent ----->						Non-Controlling Interest RM'000	Total Equity RM'000
	----- Non-distributable -----			Distributable				
	Share Capital RM'000	Share premium RM'000	Foreign Exchange Reserves RM'000	Legal Reserves RM'000	Retained Earnings RM'000	Total RM'000		
As at 1 April 2016	60,012	4	7,594	326	28,977	96,913	231	97,144
Total comprehensive loss for the period	-	-	(159)	-	(3,104)	(3,263)	(866)	(4,129)
As at 30 June 2016	<u>60,012</u>	<u>4</u>	<u>7,435</u>	<u>326</u>	<u>25,873</u>	<u>93,650</u>	<u>(635)</u>	<u>93,015</u>
As at 1 April 2017	60,012	4	6,430	326	19,741	86,513	1,999	88,512
Total comprehensive income/(loss) for the period	-	-	616	-	3,718	4,334	(30)	4,304
As at 30 June 2017	<u>60,012</u>	<u>4</u>	<u>7,046</u>	<u>326</u>	<u>23,459</u>	<u>90,847</u>	<u>1,969</u>	<u>92,816</u>

The Condensed Consolidated Statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 March 2017 and the accompanying explanatory notes attached to the interim financial statements.



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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED) FOR THE FIRST QUARTER ENDED 30 JUNE 2017

	3 months ended	
	30.06.2017	30.06.2016
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(Loss) before taxation from:		
- Continuing operations	5,617	(3,549)
Adjustment for:-		
Non-cash items	1,476	(170)
Non-operating items (which are investing/financing)	2,243	3,335
Interest expense	1,471	1,410
Interest income	(36)	(24)
Operating profit before changes in working capital	<u>10,771</u>	<u>1,002</u>
Changes in working capital		
Net change in current assets	7,727	4,017
Net change in current liabilities	(1,810)	(11,962)
Interest paid	(1,471)	(1,410)
Tax refund/(paid)	1,662	(4,199)
Net cash flows from/(used in) operating activities	<u>16,879</u>	<u>(12,552)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
- Purchase of property, plant and equipment	(1,084)	(3,018)
- Proceeds from issuance of shares of subsidiary	22	-
- Proceeds from disposal of property, plant and equipment	47	2,754
- Interest received	36	24
Net cash flows used in investing activities	<u>(979)</u>	<u>(240)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
- Repayment of hire purchase & lease financing	(288)	(122)
- Repayment of term loans	(49)	(840)
- Decrease in short term borrowings	(11,569)	(1,453)
Net cash flows used in financing activities	<u>(11,906)</u>	<u>(2,415)</u>
Net increase/(decrease) in cash and cash equivalents	3,994	(15,207)
Effects of exchange rate changes	2,152	(376)
Cash and cash equivalents at beginning of financial period	34,841	36,852
Cash and cash equivalents at end of financial period	<u>40,987</u>	<u>21,269</u>
Cash and cash equivalents at the end of the financial period comprise the following:		
Cash and bank balances	41,398	26,784
Bank overdrafts	(411)	(5,055)
Deposits pledged to banks	-	(460)
	<u>40,987</u>	<u>21,269</u>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the year ended 31 March 2017 and the accompanying explanatory notes attached to the interim financial statements.



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PART A - EXPLANATORY NOTES PURSUANT TO MFRS 134

1. BASIS OF PREPARATION

These condensed consolidated interim financial statements, for the period ended 30 June 2017, have been prepared in accordance with MFRS 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 March 2017. The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 March 2017, except for the adoption of the following Amendments: -

Effective for annual periods beginning on or after 1 January 2017

Amendments to MFRS 107: Disclosure Initiatives

Amendments to MFRS 112: Recognition of Deferred Tax Assets for Unrealised Losses

Annual Improvements to MFRSs 2014 – 2016 Cycle

(i) Amendments to MFRS 12: Disclosure of Interests in Other Entities

The adoption of the above mentioned Amendments to MFRSs did not have any material impact on the financial statements of the Group.

Standards issued but not yet effective

At the date of authorization of these interim financial statements, the followings standards were issued but not yet effective and have not been applied by the Group.

Annual Improvements to MFRSs 2014 – 2016 Cycle

(ii) Amendments to MFRS 1: First-time Adoption of Malaysian Financial Reporting Standards Effective 1 January 2018

(iii) Amendments to MFRS 128: Investments in Associates and Joint Ventures Effective 1 January 2018

Amendments to MFRS 4: Applying MFRS 9 Financial Instruments With MFRS 4 Insurance Contracts Effective 1 January 2018

Amendments to MFRS 140: Transfers of Investments Property Effective 1 January 2018

IC Interpretation 22: Foreign Currency Transactions and Advance Consideration Effective 1 January 2018

Amendments to MFRS 2: Classification and Measurement of Share-based Payment Transactions Effective 1 January 2018

MFRS 15 Revenue from Contracts with Customers Effective 1 January 2018

MFRS 9 Financial Instruments Effective 1 January 2018

MFRS 16 Leases Effective 1 January 2019

Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture Deferred

2. AUDIT REPORT OF PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditors' report on the financial statements for the year ended 31 March 2017 was not qualified



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3. SEGMENTAL INFORMATION

	Current quarter		Cumulative quarter	
	3 months ended		3 months ended	
	30.06.2017	30.06.2016	30.06.2017	30.06.2016
	RM'000	RM'000	RM'000	RM'000
Segment Revenue				
Revenue from continuing operations:				
Apparels	177,564	155,801	177,564	155,801
Labellings	14,658	11,908	14,658	11,908
Others	3,000	5,395	3,000	5,395
Total revenue before eliminations	195,222	173,104	195,222	173,104
Eliminations	(43,565)	(47,698)	(43,565)	(47,698)
Total	151,657	125,406	151,657	125,406

Segment Result

Result from continuing operations:				
Apparels	9,013	(4,677)	9,013	(4,677)
Labellings	(254)	753	(254)	753
Others	(2,215)	7	(2,215)	7
	6,544	(3,917)	6,544	(3,917)
Eliminations	(927)	368	(927)	368
Total	5,617	(3,549)	5,617	(3,549)

Apparels segment:

The apparels segment's revenue for the quarter ended 30 June 2017 increased by 14.0% or RM21.8 million to RM177.6 million from RM155.82 million recorded in the preceding year corresponding quarter. The increase was due to the increase of China factories' sales orders.

Labelling segment:

The labelling segment's revenue for the quarter ended 30 June 2017 increased by 23.1% or RM2.8 million to RM14.7 million from RM11.9 million recorded in the preceding year corresponding quarter. The increase was due to the increase of sales orders from Malaysia labelling business.

Others segment:

The others segment's revenue for the quarter ended 30 June 2017 decreased by 44.4% or RM2.4 million to RM3.0 million from RM5.4 million recorded in the preceding year corresponding quarter. The decrease was due to the decrease of sales orders from printing and embroidering business.

4. UNUSUAL ITEMS DUE TO THEIR NATURE, SIZE OR INCIDENCE

There were no unusual items affecting assets, liabilities, equity, net income, or cash flows during the current quarter.



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5. CHANGES IN ESTIMATES

There were no changes in estimates of amounts reported in the prior financial years that have a material effect in the current quarter.

6. COMMENTS ABOUT SEASONAL OR CYCLICAL FACTORS

The Group's performance is not affected by any major seasonal or cyclical factors.

7. DIVIDENDS PAID

There were no dividends paid for the current quarter.

8. CARRYING AMOUNT OF REVALUED ASSETS

The valuations of property, plant and equipment have been brought forward without amendment from the financial statements for the year ended 31 March 2017.

9. DEBT AND EQUITY SECURITIES

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the current quarter and financial year to date.

10. CHANGES IN COMPOSITION OF THE GROUP

On 21 June 2017, PCCS (Hong Kong) Limited, a wholly-owned subsidiary of PCCS, had acquired 20,000 shares of Ample Apparels Limited ("AAL") for a total cash consideration of HKD 20,000. PHKL has owned 40,000 shares representing 40% of the total issued share capital in AAL prior to the Acquisition. Resulting from the Acquisition, AAL becomes a 60% sub-subsiary of the Company.

11. CAPITAL COMMITMENTS

There were no material capital commitments as at 30 June 2017.

12. CHANGES IN CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There were no other contingent liabilities or contingent assets, except for corporate guarantee amounting RM88 million given to licensed banks in respect of bank facilities granted to subsidiaries during the three months financial period ended 30 June 2017.

13. SUBSEQUENT EVENTS

There were no material events subsequent to the end of the period that have not been reflected in this quarterly report.



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PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

14. PERFORMANCE REVIEW

	Current Year Quarter	Preceding Year Corresponding Quarter	Changes	Current Year To-date	Preceding Year Corresponding Period	Changes
	30.06.2017	30.06.2016		30.06.2017	30.06.2016	
	RM'000	RM'000		RM'000	RM'000	
Revenue	151,657	125,406	26,251	151,657	125,406	26,251
Profit/(loss) before interest and tax	7,087	(2,139)	9,226	7,087	(2,139)	9,226
Profit/(loss) before tax	5,617	(3,549)	9,166	5,617	(3,549)	9,166
Profit/(loss) after tax	3,742	(3,978)	7,720	3,742	(3,978)	7,720
Profit/(loss) attributable to ordinary equity holders of the parent	3,718	(3,104)	6,822	3,718	(3,104)	6,822

During the current quarter ended 30 June 2017, the Group recorded higher revenue of RM151.7 million for the current quarter as compared to RM125.4 million in the previous corresponding quarter. Accordingly, the pre-tax profit of the Group for the quarter under review is higher at RM5.6 million, marking a turnaround from a RM3.5 million loss in the previous corresponding quarter. The higher profit was mainly due to higher revenue and better cost management in China apparel division.

15. COMMENT ON MATERIAL CHANGE IN THE QUARTERLY RESULTS

Total revenue increased from RM131.9 million recorded in the preceding quarter to RM151.7 million achieved in the current quarter. The pre-tax profit of the Group recorded at RM5.6 million as compared with a pre-tax profit RM1.8 million recorded for the preceding quarter mainly due to the better cost control in China apparel division.

16. COMMENTARY ON PROSPECTS

Apparel Division

The Board is of the view that the overall growth momentum will likely cool in Malaysia & Cambodia apparel whereas China apparel will remain on an upward trajectory.

Labelling Division

The Board is cautiously optimistic the labelling will maintain their positive financial performance in the financial year ending 31 March 2018 due to projected growth from continuing demand in Malaysia whereas the labelling business in Cambodia remain challenging.

Other Division

The Other division's performance remains challenging following sluggish outlook of Cambodia apparel.

Management will continue to focus on improving operational efficiencies and controlling its operation expenses to remain competitive in this challenging environment.

Barring unforeseen circumstances, the management will endeavour to achieve a satisfactory result for the financial year ending 31 March 2018.

17. PROFIT FORECAST OR PROFIT GUARANTEE

Not applicable to the Group as no profit forecast or profit guarantee was published



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18. NOTES TO THE STATEMENTS OF COMPREHENSIVE INCOME

	Current quarter		Cumulative quarter	
	3 months ended		3 months ended	
	30.06.2017	30.06.2016	30.06.2017	30.06.2016
	RM'000	RM'000	RM'000	RM'000
Included in the profit/(loss) before tax are the following items:				
Interest income	(36)	(24)	(36)	(24)
Interest expenses	1,470	1,410	1,470	1,410
Depreciation	2,219	2,480	2,219	2,480
Fixed assets written off	14	69	14	69
Loss/(Gain) on disposal of property, plant and equipment	10	(37)	10	(37)
Foreign exchange loss/(gain)	3,892	(170)	3,892	(170)
Impairment loss on fixed assets	-	822	-	822

19. INCOME TAX EXPENSE

	Current quarter		Cumulative quarter	
	3 months ended		3 months ended	
	30.06.2017	30.06.2016	30.06.2017	30.06.2016
	RM'000	RM'000	RM'000	RM'000
Malaysian income tax	278	359	278	359
Foreign income tax	1,597	70	1,597	70
Total income tax expense	<u>1,875</u>	<u>429</u>	<u>1,875</u>	<u>429</u>

The tax provided in the current period is mainly in respect of certain subsidiaries reporting taxable profit.

20. CORPORATE PROPOSALS

a) Status of Corporate Proposals

Kenanga Investment Bank Berhad ("Kenanga IB"), on behalf of the Board of Directors of PCCS ("Board"), had announced the following corporate proposals on 5th May 2017:

- i. Proposed renounceable rights issue of up to 150,030,005 new ordinary shares in the Company ("Rights Shares") on the basis of 5 Rights Shares for every 2 existing PCCS Shares held, together with up to 90,018,003 free detachable warrants ("Warrants") on the basis of 3 Warrants for every 5 Rights Shares subscribed at an entitlement date to be determined later ("Proposed Rights Issue of Shares with Warrants"); and
- ii. Proposed exemption to CCS Capital Sdn Bhd ("CCS Capital") under Paragraph 4.08 of the Rules on Take-Overs, Mergers and Compulsory Acquisitions from the obligation to undertake a mandatory take-over offer for all the remaining PCCS Shares not already owned by CCS Capital and persons acting in concert with it upon completion of the Proposed Rights Issue of Shares with Warrants ("Proposed Exemption")



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Subsequently on 12th July 2017, Kenanga IB, on behalf of the Board, announced that Bursa Securities has vide its letter dated 11 July 2017, approved the following:

- i. Admission to the Official List of the Main Market of Bursa Securities and the listing and quotation of up to 90,018,003 Warrants;
- ii. Listing and quotation of up to 150,030,005 new PCCS shares to be issued pursuant to the Proposed Rights Issue of Shares with Warrants; and
- iii. Listing and quotation of up to 90,018,003 new PCCS shares to be issued pursuant to the exercise of the Warrants.

Other than the above, there were no other corporate proposals announced but not completed.

- b) **Status of Utilisation of Proceeds**
Not applicable.

21. GROUP BORROWINGS

	As at 30.06.2017					
	Long term		Short term		Total borrowings	
	Foreign denomination '000	RM denomination RM'000	Foreign denomination '000	RM denomination RM'000	Foreign denomination '000	RM denomination RM'000
Secured						
Term loan	-	462	-	279	-	741
Hire purchase & leasing	-	2,464	-	1,115	-	3,579
Unsecured						
Overdraft						
- RM	-	-	-	0	-	0
- USD	-	-	96	411	96	411
Trust receipt or trade loan						
- RM	-	-	-	5,232	-	5,232
- USD	-	-	5,753	24,623	5,753	24,623
- RMB	-	-	51,634	32,013	51,634	32,013
Revolving credit						
- USD	-	-	500	2,140	500	2,140
- RMB	-	-	25,000	15,500	25,000	15,500
Banker's acceptance						
- RM	-	-	-	3,397	-	3,397
Total	-	2,925	-	84,711	-	87,636



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	As at 30.06.2016					
	Long term		Short term		Total borrowings	
	Foreign denomination '000	RM denomination RM'000	Foreign denomination '000	RM denomination RM'000	Foreign denomination '000	RM denomination RM'000
Secured						
Term loan	-	726	-	371	-	1,097
Hire purchase & leasing	-	688	-	472	-	1,160
Unsecured						
Overdraft						
- RM	-	-	-	896	-	896
- USD	-	-	793	3,172	793	3,172
- HKD	-	-	1,859	985	1,859	985
Trust receipt or trade loan						
- RM	-	-	-	5,684	-	5,684
- USD	-	-	9,074	36,296	9,074	36,296
- RMB	-	-	16,983	10,190	16,983	10,190
Revolving						
- USD	-	-	500	2,000	500	2,000
- RMB	-	-	36,991	22,195	36,991	22,195
Banker's acceptance						
- RM	-	-	-	2,392	-	2,392
Export bill purchase						
- USD	-	-	1,472	5,888	1,472	5,888
Term loan						
- USD	56	224	429	1,716	485	1,940
Total		1,638		92,257		93,895

22. REALISED AND UNREALISED EARNINGS OR LOSSES DISCLOSURE

The retained earnings as at 30 June 2017 is analysed as follows:

	As at 30 Jun 17 RM'000	As at 30 Jun 16 RM'000
Total retained earnings of the Company and its subsidiaries:		
- Realised	(34,565)	358
- Unrealised	(659)	(60)
	<u>(35,224)</u>	<u>298</u>
Add: Consolidation adjustments	58,683	25,575
Total group retained earnings as per consolidated financial statements	<u>23,459</u>	<u>25,873</u>

23. CHANGES IN MATERIAL LITIGATION

There was no pending material litigation as at the date of this announcement.



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24. DIVIDEND PAYABLE

No interim dividend has been declared for the financial period ended 30 June 2017 (30 June 2016: Nil).

25. EARNINGS PER SHARE

a Basic

The calculation of basic earnings per share is based on the net profit attributable to ordinary shareholders divided by the weighted average number of ordinary shares in issue of 60,012,002 during the reporting year.

b Diluted

There is no dilution in earnings per share as there was no dilutive potential ordinary shares as at 30 June 2017.

26. Authorisation for Issue

The interim financial statements were authorized for issue by the Board of Directors on the date set forth below.

By Order of the Board

CHUA SIEW CHUAN (MAICSA 0777689)
Company Secretary
30 August 2017